

AMENDED IN ASSEMBLY APRIL 21, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1112**

**Introduced by Assembly Member Lowenthal**

February 21, 2003

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An act to add Chapter 10 (commencing with Section 33900) to Part 1 of Division 24 of the Health and Safety Code, and to amend Sections 96.1, 96.5, and 96.6 of the Revenue and Taxation Code, relating to community development.

LEGISLATIVE COUNSEL'S DIGEST

AB 1112, as amended, Lowenthal. Housing opportunity districts.

(1) The Community Redevelopment Law requires redevelopment agencies to increase, improve, and preserve the community's supply of low- and moderate-income housing that is available at affordable cost and provides that this housing shall be entitled to priority consideration for assistance in housing programs administered by the California Housing Finance Agency, the Department of Housing and Community Development, and other state agencies and departments, as specified.

The Transit Village Development Planning Act of 1994 authorizes a city or county to prepare a transit village plan for a transit village development district that addresses specified characteristics to encourage new development close to transit stations and includes all land within not more than a quarter mile of the exterior boundary of the parcel on which is located a rail transit station designated by the legislative body of a city, county, or city and county that has jurisdiction over the station area. The act requires, among other things, that no

public works project may be approved within the area covered by the plan, unless it is consistent with the adopted transit village plan.

This bill would enact the Housing Near Transit Act, which ~~and~~ would authorize a city, county, or city and county that has adopted a resolution of intent, to create a housing transit district, subject to approval by the department. The department ~~could~~ *would be required to* approve ~~only~~ *12* 6 housing transit districts.

This bill would require the property tax revenues resulting from increases in assessed value due to affordable housing construction to be paid to the district, except as specified. The bill would create a state-mandated local program because counties would be required to allocate and apportion those property tax revenues. The bill would authorize a county to establish a fee to perform the division of taxes and payments to districts.

This bill would also authorize a housing transit district to issue bonds and enter into other forms of indebtedness for the purpose of constructing affordable housing and transit oriented public improvements within a district or the adjacent area.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Chapter 10 (commencing with Section 33900)  
2 is added to Part 1 of Division 24 of the Health and Safety Code,  
3 to read:

4

5 CHAPTER 10. HOUSING NEAR TRANSIT ACT

6

7 Article 1. General Provisions

8

9 33900. This chapter shall be known and may be cited as the  
10 Housing Near Transit Act.

1 33900.1. The Legislature finds and declares all of the  
2 following:

3 (a) Despite strong growth in California’s housing market and  
4 record investments by the state and the electorate in housing and  
5 transportation, California has fallen seriously short of its policy of  
6 providing every Californian with the opportunity to live in safe,  
7 decent, affordable housing served by adequate and affordable  
8 transportation choices.

9 (b) The Department of Finance estimates that to meet  
10 California’s housing needs, 230,000 new residential units per year  
11 must be built.

12 (c) For each of the last eight years, California has produced  
13 only 50 percent of the housing to meet this need, often located  
14 away from affordable transportation choices and existing  
15 transportation infrastructure resulting in a critical, accumulated  
16 deficit of housing and increased cost to our transportation systems.

17 (d) Infill properties provide a valuable opportunity to address  
18 California’s housing shortage and, according to some studies,  
19 could address a large portion of the housing need in predominantly  
20 urbanized areas through efficiencies that take advantage of  
21 existing and surrounding services and infrastructure.

22 (e) In order to promote incentives for the development of  
23 affordable, infill housing within existing urban areas,  
24 communities need effective tools to promote, encourage, and  
25 facilitate adequate housing development in the job centers of the  
26 state.

27 33900.2. It is the intent of the Legislature in enacting this  
28 chapter to do all of the following:

29 (a) Develop an incentive-based strategy to encourage the  
30 construction of housing in urbanized areas near existing  
31 transportation facilities.

32 (b) Provide local governments with a financing mechanism  
33 designed to provide incentives for the approval and construction  
34 of housing, particularly housing for California’s workforce in  
35 existing communities served by transit and needing improvements  
36 to surrounding infrastructure.

37 33900.3. For purposes of this chapter, the following  
38 definitions apply:

39 (a) “Applicant” means a city, a county, or a city and county that  
40 applies to the department for creation of a housing transit district.

1 (b) “Department” means the Department of Housing and  
2 Community Development.

3 (c) “Housing transit district” or “district” means a legally  
4 constituted governmental entity of a local jurisdiction that has  
5 been approved for creation by the department pursuant to this  
6 chapter for the purpose of financing programs and development  
7 projects within the district.

8 (d) “Local jurisdiction” means a city, a county, or a city and  
9 county.

10 (e) “Urbanized area” shall have the same meaning as in  
11 Section 21071 of the Public Resources Code.

12 33900.4. This chapter is not intended to limit any other  
13 authority that a city, county, or city and county may have to  
14 authorize, permit, encourage, or finance housing construction or  
15 public facilities or services to serve housing construction.

16 33900.5. (a) The department shall approve the creation of a  
17 total of six districts from eligible applicants that meet the  
18 requirements of this chapter and the criteria established by the  
19 department pursuant to Section 33900.7. Two districts shall be in  
20 northern California, two in central California, and two in southern  
21 California.

22 (b) A local jurisdiction shall not be eligible to create a district  
23 unless the local jurisdiction has a housing element approved by the  
24 Department of Housing and Community Development.

25 (c) A district may not include any territory occupied by a  
26 project area of a redevelopment agency. A redevelopment project  
27 area may not include any territory occupied by a district.

28  
29 Article 2. Formation of District and Adoption of Plans  
30

31 33900.7. (a) The department shall, by regulation, establish  
32 criteria for the approval of applications for the creation of districts  
33 to be used by the department when reviewing applications. The  
34 criteria shall include the following:

35 (1) The area proposed to be included in the district is within  
36 one-quarter mile of a transit station and within an urbanized area.

37 (2) The area proposed to be included in the district has been  
38 zoned to achieve the highest appropriate densities.

(3) The area proposed to be included in the district is served by existing ~~utilities and infrastructure.~~ *public services, such as water, wastewater, or other infrastructure.*

(4) *The applicant identifies how the district will address the affordable housing needs of the community, including those identified in the housing element, and how other funds, either private, local, state, or federal, will be used in conjunction to implement this chapter.*

(5) *Provisions for two or more local jurisdictions to submit a joint application, and preference for those joint applicants that have agreed to share revenues generated within the district pursuant to Chapter 5 (commencing with Section 55700) of Part 2 of Division 2 of Title 5 of the Government Code. The department may take into consideration agreements between joint applicants for the provision of services or facilities that serve the district, including, but not limited to, schools, libraries, or child care.*

(b) The department shall adopt its criteria as regulations pursuant to Chapter 3.5 (commencing with Section 11340) of Division 3 of Title 2 of the Government Code.

33900.8. To apply for the formation of a district, the legislative body of a local jurisdiction shall adopt a resolution of intent to form a district. The resolution shall include all of the following:

(a) A description of the area or areas to be included within the district.

~~(b) A declaration that the area to be included within the district is within one-quarter mile of a transit station and is an urbanized area.~~

(b) *A description of the current land use designations and what, if any, changes will be necessary to meet the requirements of Section 33900.7 and other criteria adopted by the department.*

(c) An initial estimate of the revenue likely to be generated pursuant to this chapter for each of the next 10 years.

(d) A plan for spending the revenue to be generated pursuant to this chapter.

33900.9. Upon approval by the department of the creation of a district, the local jurisdiction shall adopt an ordinance to establish the district and that meets the requirements of this chapter.

33900.10. The ordinance required to be adopted pursuant to Section 33900.9 shall describe the composition and manner of

1 selection of the legislative body of the district. The legislative  
2 body of the local jurisdiction may serve ex officio as the legislative  
3 body of the district.

4 33900.12. The legislative body of the district shall keep a  
5 record of the proceedings of its meetings.

6 33900.13. The legislative body of the district is a public body  
7 and shall be subject to those laws applicable to the proceedings of  
8 a legislative body of a local agency.

9 33900.14. A district shall have access to the services and  
10 facilities of the local jurisdiction, including the planning  
11 commission, city or county engineer, and other departments and  
12 offices of the local jurisdiction. The district, if required by the  
13 legislative body of the local jurisdiction, shall reimburse the local  
14 jurisdiction for the cost to the local jurisdiction for providing these  
15 services and facilities. At any time after the district is approved by  
16 the department, the legislative body of the local jurisdiction may  
17 appropriate to the district funds in the form of a grant or loan as the  
18 legislative body of the local jurisdiction deems necessary for the  
19 administrative expenses and overhead of the district.

20 33900.15. (a) A district may, upon adoption of a joint  
21 resolution by the district and the local jurisdiction, delegate to the  
22 local jurisdiction any of the powers or functions of the district with  
23 respect to the planning or undertaking of a development project in  
24 the territorial jurisdiction of the local jurisdiction, and the local  
25 jurisdiction may carry out or perform those powers or functions for  
26 the district.

27 (b) Notwithstanding any other provision of law, when a  
28 decision, determination, or other action by the district or  
29 legislative body of the local jurisdiction is required by this chapter,  
30 neither the district nor the legislative body of the local jurisdiction  
31 shall delegate the obligation to decide, determine, or act to any  
32 other entity, unless expressly provided by this chapter.

33 33900.16. A district, within 90 days of the effective date of an  
34 ordinance adopted by the legislative body of the local jurisdiction  
35 establishing the district, shall adopt a conflict-of-interest code  
36 pursuant to the conflict-of-interest provisions contained in the  
37 Political Reform Act of 1974 (Chapter 7 (commencing with  
38 Section 87100) of Title 9 of the Government Code).

39 33900.17. For the purpose of raising money to be deposited  
40 with the district as a loan or grant, the legislative body of the local

jurisdiction may appropriate funds or issue and sell its general obligation bonds for this purpose.

33900.20. (a) Not later than 120 days prior to the proposed date of adoption of the resolution approving the housing opportunity plan as set forth in Section 33900.21, the district shall submit to the State Board of Equalization and to the auditor, assessor, and tax collector of the county in which the district is located, a legal description of the district to be identified in the plan, a list of assessor parcel numbers for real property, a map showing the boundaries of the district, and a statement identifying the last equalized assessment roll the district proposes to use for the allocation of increment pursuant to this chapter. The last equalized assessment roll shall be known and referred to as the transit area base year assessment roll.

(b) Within 60 days of receipt of the certified copy of the resolution, the county official charged with allocating taxes pursuant to Sections 33670 and 33670.5 shall issue a report identifying the total assessed valuation of all taxable property within the district. The State Board of Equalization shall provide the county official preparing the report with all information necessary for its preparation. A copy of the report issued by the county shall also be sent to the State Board of Equalization.

(c) The affected county and the State Board of Equalization shall each be permitted to establish a schedule of fees for filing and processing the documents required to be submitted pursuant to this section, but the fees shall not exceed the reasonably anticipated cost of performing the work to which the fee relates. No fee shall be required to be submitted to the county or to the State Board of Equalization prior to submission of any document, or as a condition of performance of work by the county or the board, unless the county and the State Board of Equalization have first established the fees and have posted their amounts.

33900.21. (a) The district, prior to incurring any indebtedness, other than loans from the local jurisdiction, and after complying with the applicable procedures of this chapter, shall adopt, by resolution, after holding a public hearing noticed pursuant to this section, a housing opportunity plan for the district.

(b) Notice of the public hearing shall be published not less than one time, at least 10 days prior to the date of the public hearing, in a newspaper of general circulation published in the county in



1 which the district is located. Notice of the public hearing shall also  
2 be mailed, by first-class mail, to each taxing agency levying taxes  
3 upon real property located within the district and to the last known  
4 assessee of each parcel of real property located within the district.  
5 The mailed notice shall be deposited in the mail not less than 14  
6 days prior to the date of the public hearing.

7 (c) Both the published notice and the mailed notice shall  
8 include a map of the proposed district. The housing opportunity  
9 plan shall contain the contents required by Section 33900.22. The  
10 resolution approving the housing opportunity plan shall include a  
11 legal description of the lands included in the district, a list of  
12 assessor parcel numbers for lands included in the district, and a  
13 map of the district. The resolution shall find that the housing  
14 opportunity plan is consistent with the local jurisdiction's general  
15 plan, any specific plan governing the district, and with any transit  
16 village development plan adopted by the legislative body of the  
17 local jurisdiction pursuant to Article 8.5 (commencing with  
18 Section 65460) of the Government Code.

19 33900.22. A housing opportunity plan required by Section  
20 33900.21 shall contain all of the following:

21 (a) A description of how the district property tax revenue  
22 increment will be used to remove barriers to development or create  
23 incentives for development.

24 (b) A description of any development projects proposed to be  
25 built pursuant to Sections 33900.28 and 33900.29.

26 (c) A legal description of the land included within the district.

27 (d) A time limit for implementation of the housing opportunity  
28 plan that may not exceed 10 years from the date of adoption of the  
29 resolution approving the housing opportunity plan. Upon  
30 expiration of this time limit, the district may not act pursuant to the  
31 housing opportunity plan, except to pay previously incurred  
32 indebtedness and to enforce existing covenants or contracts.

33 (e) A time limit, not to exceed 30 years from date of adoption  
34 of the resolution approving the housing opportunity plan, to repay  
35 indebtedness with property tax increment. Upon expiration of this  
36 time limit, the district may not receive property tax increment.

37 (f) If the plan authorizes the issuance of bonds to be paid in  
38 whole or in part from property tax increment, the plan shall  
39 establish a limit on the amount of bonded indebtedness that can be  
40 outstanding at one time without amendment of the plan.



1 (g) A provision requiring all deeds, leases, or contracts for the  
2 sale, lease, sublease, or other transfer of any land in a district to  
3 contain a nondiscrimination clause that implements Section  
4 33900.31.

5 (h) An analysis of affordable housing needs in the district and  
6 a plan that sets forth the goals and objectives and anticipated  
7 programs, development projects, and expenditures of the district  
8 that affect affordable housing in the district.

9 33900.23. Adoption of a housing opportunity district is a  
10 “project” as that term is defined in the California Environmental  
11 Quality Act (Division 13 (commencing with Section 21000) of the  
12 Public Resources Code), and shall be subject to the requirements  
13 thereof.

14 33900.24. After the district’s adoption of the resolution  
15 approving the housing opportunity plan, there shall be recorded  
16 with the county recorder of the county in which the district is  
17 located a description of the land within the district and a statement  
18 that a housing opportunity plan has been adopted. Additional  
19 recordation of documents may be made pursuant to Section 27295  
20 of the Government Code.

21 33900.25. Upon adoption of the resolution approving the  
22 housing opportunity plan, the secretary of the district shall, within  
23 30 days, transmit a copy of the resolution, including the map and  
24 legal description of the boundaries within the district to all of the  
25 following:

26 (a) The auditor and tax assessor of the county in which the  
27 district is located.

28 (b) The officer or officers performing the functions of auditor  
29 or assessor for any taxing agencies that, in levying or collecting its  
30 taxes, do not use the county assessment roll or do not collect its  
31 taxes through the county.

32 (c) The governing body of every taxing agency that levies taxes  
33 upon any property in the district.

34 (d) The State Board of Equalization.

35 33900.26. The adoption of the housing opportunity plan by  
36 the district shall be final and conclusively presumed to be adopted  
37 in conformance with this chapter and that all prior proceedings  
38 were duly and regularly taken.

39 33900.27. A district may amend or modify the plan pursuant  
40 to procedures established by the department. The department shall

1 ensure that any modification of the plan does not reduce the total  
2 number of housing units affordable to low- and very low income  
3 households.

4  
5 Article 3. Powers and Duties

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7 33900.28. A district may do all of the following:

8 (a) Sue and be sued.

9 (b) Have a seal.

10 (c) Make and execute contracts and other instruments  
11 necessary or convenient to the exercise of its powers.

12 (d) Make, amend, and repeal bylaws and regulations not  
13 inconsistent with, and to carry into effect, the powers and purposes  
14 of this chapter.

15 (e) Purchase, lease, obtain option upon, or acquire by gift,  
16 grant, bequest, devise, or otherwise, any real or personal property  
17 including repurchase of developed or undeveloped real property  
18 previously owned by the district, any interest in property, any  
19 improvements on any real property, or any covenants, except that  
20 a district shall not acquire from any of its members any property  
21 or interest in property except through eminent domain  
22 proceedings.

23 (f) Accept, at the request of the legislative body of the local  
24 jurisdiction, a conveyance of real property owned by the local  
25 jurisdiction.

26 (g) Insure, or provide for the insurance of, any real or personal  
27 property of the district against liability, risks, or hazards, and  
28 provide for insurance for the general liability of the district.

29 (h) Rent, maintain, manage, operate, and repair any real  
30 property owned by the district.

31 (i) Clear or move buildings, structures, or other improvements.

32 (j) Provide loans, grants, or other financial assistance to  
33 developers, owners, or tenants to acquire land, improvements, or  
34 both rehabilitate buildings or structures, within the district.

35 (k) Pay for all or a portion of the value of the land for any public  
36 improvement within the district.

37 (l) Pay for the cost of construction or installation of any public  
38 improvement within the district.

39 (m) Develop as a building site any real property owned or  
40 acquired by it within the district.

1 (n) Require purchasers and lessees of real property within the  
2 district to use the property for the purpose designated in the district  
3 plan.

4 (o) Require purchasers and lessees of real property within the  
5 district to comply with covenants, conditions, and restrictions or  
6 other contractual obligations running with the land that the district  
7 deems necessary to implement the district plan, including, but not  
8 limited to, rights of reverter or repurchase options as necessary to  
9 prevent speculation or excess profit taking.

10 (p) Accept any financial or other assistance from the state or  
11 federal government or any public or private source for any  
12 development project within the district.

13 (q) Provide for affordable housing consistent with the  
14 requirements of this chapter.

15 33900.29. A district may provide any of the capital project  
16 improvements allowed under redevelopment pursuant to the  
17 following:

18 (a) Not less than 80 percent of all taxes that are allocated to the  
19 district pursuant to Section 33900.51 shall be expended for the  
20 purposes of increasing, improving, and preserving the  
21 community's supply of low- and moderate-income housing  
22 available at affordable housing cost, as defined by Section 50052.5  
23 of the Government Code, to persons and families of low or  
24 moderate income, as defined in Section 50093 of the Government  
25 Code, and very low income households, as defined in Section  
26 50105 of the Government Code, that is occupied by these persons  
27 and families.

28 (b) Twenty percent of all taxes that are allocated to the district  
29 pursuant to Section 33900.51 may be used for economic  
30 development or public improvement allowed under existing  
31 redevelopment law.

32 33900.31. (a) Lessees and purchasers of real property  
33 acquired within a district shall refrain from restricting the rental,  
34 sale, or lease of the property on the basis of race, color, religion,  
35 sex, marital status, disability, national origin, or ancestry.

36 (b) All deeds, leases, or contracts for the sale, lease, sublease,  
37 or other transfer of any land or interest in real property within a  
38 district shall contain or be subject to the nondiscrimination  
39 requirement contained in subdivision (a).

1 33900.32. (a) A district may accept financial or other  
2 assistance, including loans, grants, or other funds, from any public  
3 or private source, for the district's activities, powers, and duties,  
4 and expend any funds received for any purpose for which the  
5 district is authorized to expend funds.

6 (b) A district may invest any money held in reserves or sinking  
7 funds, or any money not required for immediate disbursement, in  
8 property or securities in which the local jurisdiction may legally  
9 invest pursuant to Sections 53601 and 53635 of the Government  
10 Code.

11 (c) A district shall establish one or more accounts for control  
12 of its funds.

13 33900.33. A district shall adopt an annual budget that  
14 includes the proposed expenditures by the district, the proposed  
15 indebtedness to be incurred by the district, the anticipated  
16 revenues of the district, and proposed programs and development  
17 projects or improvements to be funded by the district. The  
18 district's annual budget shall be adopted concurrently with the  
19 legislative body's adoption of the budget for the local jurisdiction.  
20 The district's annual budget may be amended from time to time as  
21 determined by the district.

#### 22 Article 4. Tax-Increment Bonds

23  
24  
25 33900.34. A district may issue any types of bonds that it may  
26 determine, including bonds on which the principal and interest are  
27 payable from any of the following:

28 (a) The income and revenues of the development projects  
29 within the district financed with the proceeds of the bonds, or with  
30 the proceeds together with financial assistance from the federal  
31 government, or the state, county, city, or other governmental or  
32 private entity in aid of the development project.

33 (b) The income and revenues of certain designated projects  
34 within the district whether or not they were financed in whole or  
35 in part with the proceeds of the bonds.

36 (c) In whole or in part from taxes allocated to and paid to the  
37 district pursuant to Section 33900.51.

38 (d) The districts' revenues generally.

39 (e) Any contribution or other financial assistance from any  
40 public or private source.

(f) Any combination of these methods.

33900.35. The district may authorize bonds by resolution. The resolution, trust indenture, or mortgage, shall provide for all of the following:

(a) The issuance of the bonds in one or more series.

(b) The date the bonds shall bear.

(c) The maturity dates of the bonds.

(d) The rate or maximum rate of interest on the indebtedness, that shall not exceed the maximum rate permitted by Section 53531 of the Government Code. The interest may be fixed or variable and may be simple or compound. The interest shall be payable at the time or times determined by the district.

(e) The denomination of the bonds.

(f) Their form, either coupon or registered.

(g) The conversion or registration privileges carried by the bonds.

(h) The rank or priority of the bonds.

(i) The manner of their execution.

(j) The medium of payment.

(k) The place of payment.

(l) The terms of redemption, with or without premium, to which the bonds are subject.

(m) The maximum amount of bonded indebtedness in compliance with the maximum amount established in accordance with the housing opportunity plan as required by subdivision (f) of Section 33900.22. The resolution, trust indenture, or mortgage shall provide that the increment allocation to a district pursuant to Section 33900.51 shall not be payable to a trustee on account of any issued bonds when sufficient funds have been placed with the trustee to redeem all outstanding bonds of the issue.

33900.36. Notwithstanding Section 33900.35, or any other provision of law, the rate of interest on any indebtedness or obligation of a district which is payable to the federal government or any agency or instrumentality thereof or on any indebtedness or obligation guaranteed by the federal government or any instrumentality thereof may be at a rate higher than the limitation established in Section 33900.35, or any other law, if the rate is the rate established by the federal government or any agency or instrumentality thereof. Any indebtedness or obligation shall be in the form and denomination, have the maturity, and be subject to

1 those conditions that may be prescribed by the federal government  
2 or any agency or instrumentality thereof.

3 33900.37. Any bonds issued pursuant to this chapter may be  
4 sold at no less than par, less a discount of not to exceed 5 percent,  
5 at public sale held after notice published once at least five days  
6 prior to the sale in a newspaper of general circulation published in  
7 the local jurisdiction, or if there is none, in a newspaper of general  
8 circulation published in the county. The bonds may be sold at not  
9 less than par to the federal government at a private sale without any  
10 advertisement.

11 33900.38. If any member or officer whose signature appears  
12 on bonds or coupons issued pursuant to this chapter ceases to be  
13 a member or officer before delivery of the bonds, his or her  
14 signature is as effective as if he or she had remained in office.

15 33900.39. Bonds issued pursuant to this chapter shall be fully  
16 negotiable.

17 33900.40. Any persons executing the bonds of a district shall  
18 not be personally liable on the bonds by reason of their issuance.

19 33900.41. The bonds and other obligations of a district are not  
20 a debt of the local jurisdiction, the state, or any of its political  
21 subdivisions. In any event, the bonds or obligations shall only be  
22 payable out of any funds or properties of the district. The bonds  
23 shall not constitute an indebtedness within the meaning of any  
24 statutory debt limitation or restriction.

25 33900.42. In any action or proceedings involving the validity  
26 or enforceability of any bonds or other security issued pursuant to  
27 this chapter, any bond reciting in substance that it has been issued  
28 by the district to aid in financing a development project within the  
29 district is conclusively presumed to have been issued for that  
30 project and to have been planned, located, and constructed  
31 pursuant to this chapter.

32 33900.43. A district may do both of the following:

33 (a) Pledge all of any part of its gross or net rents, fees, or  
34 revenues to which its right then exists or may thereafter come into  
35 existence.

36 (b) Encumber by mortgage, deed of trust, or otherwise all or  
37 any part of its real or personal property, then owned or thereafter  
38 acquired.

39 33900.44. A district may covenant as to any of the following:



1 (a) Against pledging all ~~of~~ *or* any part of its rents, fees, and  
2 revenues.

3 (b) Against encumbering all or any part of its real or personal  
4 property, to which its right or title then exists or may thereafter  
5 come into existence.

6 (c) Against permitting any lien on this revenue or property.

7 (d) With respect to limitations on its right to sell, lease, or  
8 otherwise dispose of all or part of any project within the district.

9 (e) As to what other or additional debts or obligations it may  
10 incur.

11 (f) As to the bonds to be issued, as to the issuance of these bonds  
12 in escrow or otherwise, and as to the use and disposition of the  
13 bond proceeds.

14 (g) Against extending the time for the payment of its bonds or  
15 interest.

16 (h) As to the consideration or rents and fees to be charged in the  
17 sale or lease of a district project, the amount to be raised each year  
18 or other period of time by rents, fees, and other revenues, and as  
19 to their use and disposition.

20 (i) As to the use of any or all of its real or personal property.

21 (j) As to the maintenance of its real or personal property, its  
22 replacement, the insurance to be carried on it, and the use and  
23 disposition of insurance money.

24 (k) As to the rights, liabilities, powers, and duties arising upon  
25 the breach by it of any covenant, condition, or obligation.

26 (l) As to, and prescribe, events of default and terms and  
27 conditions upon which any or all of its bonds or obligations  
28 become or may be declared due before maturity, and as to the terms  
29 and conditions upon which the declaration and its consequences  
30 may be waived.

31 33900.45. A district may do any of the following:

32 (a) Redeem the bonds, covenant for their redemption, and  
33 provide the redemption terms and conditions.

34 (b) Provide for the replacement of lost, destroyed, or mutilated  
35 bonds.

36 (c) Create or authorize the creation of special funds for money  
37 held for district projects or other costs, debt service, reserves, or  
38 other purposes and covenant as to the use and disposition of the  
39 money.



(d) Prescribe the procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds whose holders are required to consent thereto, and the manner in which the consent may be given.

(e) Vest in a trustee or the holders of bonds or any proportion of them the right to enforce the payment of the bonds or any covenants securing or relating to the bonds.

(f) Vest in a trustee the right, in the event of a default by the district, to take possession of all or part of any district project, to collect the rents and revenues arising from it, and to dispose of the money pursuant to an agreement of the district with the trustee.

(g) Provide for the powers and duties of a trustee and limit the trustee's liabilities.

(h) Provide for the terms and conditions upon which the trustee or the holders of the bonds or any proportion of them may enforce any covenants or rights securing or relating to the bonds.

(i) Make covenants other than, and in addition to, the covenants expressly authorized in this chapter of a like or different character.

(j) Make covenants and do any and all acts and things as may be necessary, convenient, or desirable to secure its bonds, or, except as otherwise provided in this chapter, as will tend to make the bonds more marketable notwithstanding that the covenants, acts, or things are not enumerated in this chapter.

33900.46. In addition to all other rights that may be conferred on an obligee, and subject only to contractual restrictions binding upon the obligee, an obligee may do both of the following:

(a) By mandamus, suit, action, or proceeding, compel the district and its members, officers, agents, or employees to perform each and every term, provision, and covenant contained in any contract of the district with, or for, the benefit of the obligee, and require the carrying out of any or all covenants and agreements of the district and the fulfillment of all duties imposed upon the district by this chapter.

(b) By suit, action, or proceeding in equity, enjoin any acts or things which may be unlawful, or the violation of any of the rights of the obligee.

33900.47. By its resolution, trust indenture, mortgage, lease, or other contract, a district may confer upon any obligee holding or representing a specified amount in bonds, any of the following rights upon the happening of an event or default as prescribed in

1 the resolution or instrument, to be exercised by suit, action, or  
2 proceeding in any court of competent jurisdiction:

3 (a) To cause possession of all or part of any district  
4 development project to be surrendered to any obligee.

5 (b) To obtain the appointment of a receiver of all or part of any  
6 district development project and of the rents and profits from it. If  
7 a receiver is appointed, the receiver may enter and take possession  
8 of the project or any part of it, and operate and maintain it. The  
9 receiver shall collect and receive all fees, rents, revenues, or other  
10 charges thereafter arising from it, and shall keep the money in  
11 separate accounts and apply it pursuant to the obligations of the  
12 district as the court shall direct.

13 (c) To require the district and its members and employees to  
14 make an accounting as if they were the trustees of an express trust.

15 33900.48. District bonds are issued for an essential public and  
16 governmental purpose, and together with interest on them and  
17 income from them shall be exempt from all taxes.

18 33900.49. (a) Notwithstanding any restrictions on  
19 investments contained in any other laws, the state and all public  
20 officers, municipal corporations, political subdivisions, and public  
21 bodies or entities, and all banks, bankers, trust companies, savings  
22 banks and institutions, building and loan associations, saving and  
23 loan associations, investment companies, and other persons  
24 carrying on a banking business, all insurance companies,  
25 insurance associations, and other persons carrying on an insurance  
26 business, and all executors, administrators, guardians,  
27 conservators, trustees and other fiduciaries, may legally invest any  
28 sinking funds, money, or other funds belonging to them or within  
29 their control in any bonds or other obligations issued by a district.

30 (b) District bonds and other obligations shall be authorized  
31 security for all public deposits.

32 (c) Any person, firm, corporation, association, political  
33 subdivision, or other public entity, and all officers, public and  
34 private, may use any funds owned or controlled by them,  
35 including, but not limited to, sinking, insurance, investment,  
36 retirement, compensation, pension, and trust funds, and funds held  
37 on deposit, for the purchase of any bonds or other obligations of  
38 the district.

(d) This section does not relieve any person, firm, or corporation from any duty of exercising reasonable care in selecting securities.

33900.50. (a) A district may purchase its bonds as follows:

(1) At a price not more than the sum of their principal amount and accrued interest plus (if the bonds purchased are callable at a premium) an amount not to exceed the premium that would be applicable if the bonds were purchased on the next following call date.

(2) At a higher price if a majority of the members of a legislative body determine, based upon substantial evidence, that under then prevailing conditions the purchase would be of financial advantage to the district. Prior to purchasing bonds pursuant to this paragraph, the district shall adopt a resolution designating paragraph (1), (2), or (3) of subdivision (b) as the financial advantage accruing to the district from the bond purchase or specifying in detail any alternative basis for the district's finding of financial advantage. A resolution of the legislative body approving repurchase of district bonds under this subdivision shall be operative only for the period specified in the resolution of the district, not to exceed five years. However, the authorization may be renewed by an appropriate resolution of the district and the expiration of the resolution shall in no way impair the obligation of the bonds previously issued by the district to refund bonds purchased under this subdivision.

(b) "Financial advantage," as used in subdivision (a), includes, but is not limited to, any of the following:

(1) A reduction in the aggregate debt service on the district's outstanding bonds.

(2) The creation of opportunities to more efficiently leverage revenues of the district.

(3) Cancellation of district bonds subject to adverse provisions of, or tax consequences under, the laws of the United States.

(c) Any bond purchases made pursuant to this section shall be

(1) identified in the district's annual report required by Section 33900.62 for the fiscal year in which the purchase was made and

(2) reflected in the district's statement of indebtedness filed pursuant to Section 33900.56.

(d) Within two weeks following the purchase of bonds pursuant to paragraph (2) of subdivision (a), the district shall transmit to the

1 California Debt Advisory Commission a copy of the district's  
2 resolution specifying the financial advantage to the district in  
3 making the purchase, together with a cover letter that includes all  
4 of the following information respecting the bonds purchases:

5 (1) The date of the district's resolution authorizing the bonds,  
6 the date of issuance of the bonds, and any other information  
7 necessary to identify the particular issuance or series of bonds.

8 (2) The terms or redemption to which the bonds were originally  
9 subject.

10 (3) The denominations and interest rates of the bonds  
11 purchased.

12 (4) The purchase price.

13 (e) All bonds purchased pursuant to this section shall be  
14 canceled.

15  
16 Article 5. Property Tax Revenue  
17

18 33900.51. (a) Notwithstanding any other provision of law,  
19 for the fiscal year beginning in the first calendar year following the  
20 establishment of a housing transit district and for each fiscal year  
21 thereafter, that portion of the property tax revenue derived from  
22 the assessment of property within the district, that exceeds the total  
23 amount of revenue so derived in the fiscal year immediately  
24 preceding the establishment of the district and is not otherwise  
25 required by law to be allocated to the Educational Revenue  
26 Augmentation Fund, shall be allocated to the fund of the district.

27 (b) When a district ceases to exist, all revenues thereafter  
28 received from taxes upon the taxable property in the district shall  
29 be allocated as otherwise provided by law.

30 33900.52. A district may irrevocably pledge, in whole or in  
31 part, for the payment of the principal of, and the interest on, bonds,  
32 loans, advances, or other indebtedness, that portion of the taxes  
33 received as a result of allocations made pursuant to subdivision (a)  
34 of Section 33900.51.

35 33900.53. Whenever a district is authorized to, and does,  
36 expressly pledge tax revenues received as a result of the allocations  
37 made pursuant to subdivision (a) of Section 33900.51 to secure,  
38 directly or indirectly, the obligations of the district, including, but  
39 not limited to, bonded indebtedness, then the pledge heretofore

1 made shall have priority over any other claim to those taxes not  
2 secured by a prior express pledge of those taxes.

3 33900.54. On or before August 15 of each year, the county  
4 auditor or other officer responsible for the allocation of tax  
5 revenues pursuant to Section 33900.51 shall prepare a statement  
6 for each district that provides the amount of disbursement made in  
7 the prior fiscal year pursuant to Section 33900.56.

8 33900.55. (a) Whenever any property is in a district that is  
9 owned by the district is leased by the district to any person, the  
10 property shall be assessed and taxed in the same manner as private  
11 property, and the lease or contract shall provide that the lessee shall  
12 pay taxes upon the assessed value of the entire property and not  
13 merely the assessed value of his or her property or the leasehold  
14 interest.

15 (b) The district shall notify the local assessor within 30 days  
16 whenever the district leases real property in the district. The notice  
17 shall provide the date on which the lessee acquires the beneficial  
18 use of the leased property, and shall be accompanied by a  
19 memorandum of lease and a map of the leased property.

20 33900.56. (a) Pursuant to the procedures set forth in this  
21 section, the portion of revenues required to be allocated pursuant  
22 to subdivision (a) of Section 33900.51 shall be allocated to the  
23 district by the county auditor or other financial officer who is  
24 responsible for distributing and paying taxes to taxing agencies.  
25 The county may establish a reasonable fee to perform the  
26 allocation or apportionment of revenues as required by Section  
27 33900.51 and this section.

28 (b) Not later than October 1 of each year, for each district  
29 within the jurisdiction of a local jurisdiction, the district shall file  
30 with the county auditor or other financial officer described in  
31 subdivision (a), a statement of indebtedness and a reconciliation  
32 statement certified by the chief financial officer of the district.

33 (c) (1) For each district for which a statement of indebtedness  
34 is required to be filed, the statement of indebtedness shall contain  
35 all of the following:

36 (A) For each loan, advance, or indebtedness incurred or entered  
37 into, all of the following information:

38 (i) The date the loan, advance, or indebtedness was incurred or  
39 entered into.

1 (ii) The principal amount, term, purpose, interest rate, and total  
2 interest of each loan, advance, or indebtedness.

3 (iii) The principal amount and interest due in each fiscal year  
4 in which the statement of indebtedness is filed for each loan,  
5 advance, or indebtedness.

6 (iv) The total amount of principal and interest remaining to be  
7 paid for each loan, advance, or indebtedness.

8 (B) The sum of the amounts determined under clause (iii) of  
9 subparagraph (A).

10 (C) The sum of the amounts determined under clause (iv) of  
11 subparagraph (A).

12 (D) Available revenues at the end of the previous year, as  
13 determined pursuant to paragraph (10) of subdivision (d).

14 (2) The district may estimate the amount of principal or  
15 interest, the interest rate, or term of any loan, advance, or  
16 indebtedness if the nature of the loan, advance, or indebtedness is  
17 such that the amount of principal or interest, the interest rate, or  
18 term, cannot be precisely determined. The district may list on a  
19 statement of indebtedness any loan, advance, or indebtedness  
20 incurred or entered into on or before the date the statement is filed.

21 (d) For each district for which a reconciliation statement is  
22 required to be filed, the reconciliation statement shall contain all  
23 of the following:

24 (1) A list of all loans, advances, and indebtedness listed on the  
25 previous year's statement of indebtedness.

26 (2) A list of all loans, advances, and indebtedness not listed on  
27 the previous year's statement of indebtedness but incurred or  
28 entered into in the previous year and paid in whole or in part from  
29 revenue received by the district pursuant to subdivision (b) of  
30 Section 33900.51. This listing may aggregate loans, advances, and  
31 indebtedness incurred or entered into in the previous year for a  
32 particular purpose (such as relocation expenses, administrative  
33 expenses, consultant expenses, or property management  
34 expenses) into a single item in the listing.

35 (3) For each loan, advance, or indebtedness described in  
36 paragraph (1) or (2), all of the following information:

37 (A) The total amount of principal and interest remaining to be  
38 paid as of the beginning of the previous year or the date the loan,  
39 advance, or indebtedness was incurred or entered into, whichever  
40 is later.

1 (B) Any increases or additions to the loan, advance, or  
2 indebtedness occurring during the previous year.

3 (C) The amount paid on the loan, advance, or indebtedness in  
4 the previous year from revenue received by the district as a result  
5 of Section 33900.51.

6 (D) The amount paid on the loan, advance, or indebtedness in  
7 the previous year from revenue other than revenue received by the  
8 district pursuant to Section 33900.51.

9 (E) The total amount of principal and interest remaining to be  
10 paid as of the end of the previous fiscal year.

11 (4) The available revenues of the district as of the beginning of  
12 the previous fiscal year.

13 (5) The amount of revenue received by the district in the  
14 previous fiscal year pursuant to this section.

15 (6) The amount of available revenue received by the district in  
16 the previous fiscal year other than pursuant to this section.

17 (7) The sum of the amount specified in subparagraph (D) of  
18 paragraph (3), to the extent that the amounts are not included as  
19 available revenues pursuant to paragraph (6).

20 (8) The sum of the amounts specified in paragraphs (4), (5), and  
21 (6).

22 (9) The sum of the amount specified in subparagraphs (C) and  
23 (D) of paragraph (3).

24 (10) The amount determined by subtracting the amount  
25 determined under paragraph (9) from the amount determined  
26 under paragraph (8). The amount determined pursuant to this  
27 paragraph shall be the available revenues as of the end of the  
28 previous fiscal year.

29 (e) For the purposes of this section, available revenues shall  
30 include all cash or cash equivalents held by the district that were  
31 received by the district as a result of the allocations required by  
32 Section 33900.51 and all cash or cash equivalents held by the  
33 district that are irrevocably pledged or restricted to payment of a  
34 loan, advance, or indebtedness that the district has listed on a  
35 statement of indebtedness.

36 (f) The county auditor or other financial officer referred to in  
37 subdivision (a) shall, at the same time or times as otherwise  
38 required by law for the allocation and apportionment of property  
39 tax revenues, allocate and apportion property tax revenues as  
40 required by subdivision (a) of Section 33900.51. The amount to be



1 so allocated and apportioned may not exceed the amount  
2 determined pursuant to subparagraph (C) of paragraph (1) of  
3 subdivision (c), minus the amount determined pursuant to  
4 subparagraph (D) of paragraph (1) of subdivision (c) and any  
5 reduction under Section 33900.55.

6 (g) (1) The statement of indebtedness shall constitute prima  
7 facie evidence of the loans, advances, and indebtedness of the  
8 district.

9 (2) (A) If the county auditor or other financial officer referred  
10 to in subdivision (a) disputes the amount of loans, advances, or  
11 indebtedness as shown on the statement of indebtedness, the  
12 county auditor or other financial officer shall, within 30 days of  
13 receipt of the statement, give written notice to the district.

14 (B) The district shall, within 30 days after receipt of the written  
15 notice pursuant to subparagraph (A), submit any further  
16 information it deems appropriate to substantiate the amount of any  
17 loan, advance, or indebtedness that has been disputed.

18 (C) If the county auditor or other financial officer disputes the  
19 amount of loans, advances, or indebtedness, final written notice of  
20 that dispute shall be given to the district, and the amount disputed  
21 may be withheld from allocation and payment to the district unless  
22 otherwise required by subdivision (g). In that event, the auditor or  
23 other financial officer shall bring an action in the superior court in  
24 declaratory relief to determine the matter not later than 90 days  
25 after the date of the final notice.

26 (3) In any court action brought pursuant to this section, the  
27 issue shall involve only the amount of loans, advances, or  
28 indebtedness, and not the validity of any contract or debt  
29 instrument or any expenditures pursuant thereto. Payments to a  
30 trustee under a bond resolution or trust indenture of any kind or  
31 payments to a public agency in connection with payments by that  
32 public agency pursuant to a lease or bond issue may not be disputed  
33 in any action under this section. The matter shall be set for trial at  
34 the earliest possible date and shall take precedence over all other  
35 cases except other matters of the same character. Unless an action  
36 is brought within the time provided for herein, the auditor or other  
37 financial officer shall allocate and pay the amount shown on the  
38 statement of indebtedness as provided in subdivision (g).

1 (h) (1) Nothing in this section shall be construed to permit a  
2 challenge to, or an attack on, matters precluded from challenge or  
3 attack by reason of Section 33900.64 or 33900.65.

4 (2) Nothing in this section shall be construed to deny a remedy  
5 against the district otherwise provided by law.

6 (i) (1) The Controller shall prescribe a uniform form of  
7 statement of indebtedness and reconciliation statement. These  
8 forms shall be consistent with this section.

9 (2) For the purposes of this section, a fiscal year shall be a year  
10 that begins on July 1 and ends the following June 30.

11 33900.58. A county auditor shall only offset excess amounts  
12 of property tax revenues allocated to a district against property tax  
13 revenues of that district and not against another district under the  
14 jurisdiction of the county.

15 33900.59. (a) This section implements and fulfills the intent  
16 of this chapter and of Article XIII B of the California Constitution.

17 (b) The allocation and apportionment to a district of revenues  
18 specified in subdivision (a) of Section 33900.51 for the purpose of  
19 paying principal of, or interest on, loans, advances, or  
20 indebtedness incurred for any lawful district activity, shall not be  
21 deemed the receipt by a district of proceeds of taxes levied by, or  
22 on behalf of, the district within the meaning, or for the purpose of,  
23 Article XIII B of the California Constitution, nor shall that portion  
24 of taxes be deemed receipt of proceeds of taxes by, or any  
25 appropriation subject to limitation of, any other public body within  
26 the meaning, or for the purpose of, Article XIII B of the California  
27 Constitution or any statutory provision enacted in implementation  
28 of Article XIII B of the California Constitution. The allocation and  
29 payment to a district of this portion of taxes shall not be deemed  
30 the appropriation by a district of proceeds of taxes levied by, or on  
31 behalf of, a district within the meaning, or for the purpose, of  
32 Article XIII B of the California Constitution.

33 ~~(b)~~

34 (c) If any law hereafter enacted, without a vote of the  
35 electorate, confers taxing power upon a district, the exercise of that  
36 power by the district in any fiscal year shall be deemed a transfer  
37 of financial responsibility from the local jurisdiction to the district  
38 for that fiscal year within the meaning of subdivision (a) of Section  
39 3 of Article XIII B of the California Constitution.

1 33900.60. (a) All low- and moderate-income units that are  
2 developed with funds from this chapter shall remain available at  
3 affordable housing costs to, and are to be occupied by, persons and  
4 families of very low, low- and moderate-income for the longest  
5 feasible time, including unlimited duration, but not less than the  
6 following periods of time:

7 (1) Fifty-five years for rental units.

8 (2) Forty-five years for owner-occupied units.

9 (b) The district may permit sales of owner-occupied units prior  
10 to the expiration of the 45-year period for a price in excess of that  
11 otherwise permitted under this subdivision pursuant to an adopted  
12 program that protects the district's investment, including, but not  
13 limited to, an equity sharing program that establishes a schedule  
14 of equity sharing that permits retention by the seller of a portion  
15 of those excess proceeds, based on length of occupancy. The  
16 remainder of the excess sale proceeds shall be allocated to the  
17 district.

18 33900.62. (a) After the end of a fiscal year, every district  
19 shall adopt by resolution, and shall then file with the Controller not  
20 later than six months after the end of the district's fiscal year, a  
21 copy of the annual report required by subdivision (b). The  
22 Controller may prescribe the format of the annual report to be  
23 submitted by the districts.

24 (b) The annual report shall contain all of the following:

25 (1) An independent financial audit for the previous fiscal year.  
26 "Audit report" means an examination of, and opinion on, the  
27 financial statements of the district that presents the operations and  
28 financial position of the district, including all financial activities  
29 with moneys to be held in the Roberti Affordable Housing Fund  
30 pursuant to Section 53160. This audit shall be conducted by a  
31 certified public accountant or public accountant licensed by the  
32 State of California, in accordance with Government Auditing  
33 Standards adopted by the Comptroller General of the United  
34 States. The audit report shall meet, at a minimum, the audit  
35 guidelines prescribed by the Controller's office pursuant to  
36 Section 33900.63 and also include a report on the district's  
37 compliance with Section 33900.60, including a report as to any  
38 funds subject to subdivision (f) of Section 33900.56. The audit  
39 may exclude any distinct activity of the district that is funded

1 exclusively by the federal government and is subject to audit by the  
2 federal government.

3 (2) A fiscal statement containing the following information:

4 (A) The amount of outstanding indebtedness of the district.

5 (B) The amount of property tax increment generated *in* the  
6 district.

7 (C) The financial transactions report required pursuant to  
8 Section 53891.

9 (D) Any other financial information which the district believes  
10 useful to the report.

11 (3) A description of the district's activities with respect to  
12 affordable housing that shall contain the following information:

13 (A) The total number, and a breakdown of the total by, very  
14 low, low- and moderate-income categories, of dwelling units  
15 created, acquired, developed, constructed, or substantially  
16 rehabilitated.

17 (B) Any other housing information which the district believes  
18 useful to the report.

19 (4) A list of, and status on, all loans made by the district that are  
20 fifty thousand dollars (\$50,000) or more, that in the fiscal year to  
21 which the annual report relates were in default or not in  
22 compliance with the terms of the loan approved by the district.

23 (5) A description of the total number and nature of the real  
24 properties the district owns and those real properties that the  
25 district acquired in the fiscal year to which the annual report  
26 relates.

27 (6) Any other information that the district believes is useful to  
28 explain its programs, including, but not limited to, the number of  
29 jobs created and lost in the district as a result of district activities  
30 in the fiscal year covered by the annual report.

31 33900.63. The Controller shall develop, and periodically  
32 revise, the guidelines for the content of the annual report required  
33 by Section 33900.62.

34 33900.64. (a) No action attacking or otherwise questioning  
35 the validity of either any district plan or any amendment thereto  
36 or the adoption or approval of the plan or amendment or any of the  
37 findings or determinations of the district in connection with the  
38 plan or amendment, or of bonds or other financing mechanisms  
39 approved or issued by the district, including, but not limited to,  
40 actions in connection therewith taken or proposed to be taken for

1 the authorization, issuance, sale, and delivery of the bonds and for  
2 the payment of principal and interest thereon, or actions taken or  
3 proposed to be taken with respect to other financing or any contract  
4 entered into by the district, and including the legality and validity  
5 of all proceedings theretofore taken or proposed to be taken with  
6 respect to the plan, and amendments thereto, bonds, and contracts,  
7 shall be brought prior to the adoption of the plan or amendment or  
8 at any time after the elapse of 60 days from the date of the  
9 resolution adopting or approving the plan or amendment, or  
10 approval of the bonds or other financing mechanism, or approval  
11 of any contract.

12 (b) Subject to subdivision (a), an action may be brought  
13 pursuant to Chapter 9 (commencing with Section 860) of Title 10  
14 of Part 2 of the Code of Civil Procedure to determine the validity  
15 of any matter described in this section.

16 (c) The judgment in an action brought pursuant to subdivision  
17 (b) shall determine the validity or invalidity, respectively, of the  
18 matters set forth in subdivision (a). The judgment, if no appeal is  
19 taken, or if taken and the judgment is affirmed, shall do both of the  
20 following:

21 (1) Be binding and conclusive as to all matters therein  
22 adjudicated or which at the time could have been adjudicated,  
23 against the district and against all other parties.

24 (2) Permanently enjoin the institution by any person of any new  
25 action or proceeding raising any matter or issue as to which the  
26 judgment is binding and conclusive.

27 33900.65. All claims for money or damages against the  
28 district shall be governed by Part 3 (commencing with Section  
29 900) and Part 4 (commencing with Section 940) of Division 3.6  
30 of Title 1 of the Government Code, except as provided therein, or  
31 by other statutes or regulations expressly made applicable thereto.

32 33900.66. If a district ceases to function, any surplus funds  
33 existing after payment of all of the district's obligations and  
34 indebtedness shall return to the affected taxing entities.

35 SEC. 2. Section 96.1 of the Revenue and Taxation Code is  
36 amended to read:

37 96.1. (a) Except as otherwise provided in Article 3  
38 (commencing with Section 97), and in Article 4 (commencing  
39 with Section 98), for the 1980–81 fiscal year and each fiscal year  
40 thereafter, property tax revenues shall be apportioned to each

1 jurisdiction pursuant to this section and Section 96.2 by the county  
2 auditor, subject to allocation and payment of funds as provided for  
3 in subdivision (b) of Section 33670 of the Health and Safety Code  
4 or as provided for in Section 33900.51 of the Health and Safety  
5 Code, to each jurisdiction in the following manner:

6 (1) For each tax rate area, each jurisdiction shall be allocated  
7 an amount of property tax revenue equal to the amount of property  
8 tax revenue allocated pursuant to this chapter to each jurisdiction  
9 in the prior fiscal year, modified by any adjustments required by  
10 Section 99 or 99.2.

11 (2) The difference between the total amount of property tax  
12 revenue and the amounts allocated pursuant to paragraph (1) shall  
13 be allocated pursuant to Section 96.5, and shall be known as the  
14 “annual tax increment.”

15 (3) For purposes of this section, the amount of property tax  
16 revenue referred to in paragraph (1) shall not include amounts  
17 generated by the increased assessments under Chapter 3.5  
18 (commencing with Section 75).

19 (b) Any allocation of property tax revenue that was subjected  
20 to a prior completed audit by the Controller, pursuant to the  
21 requirements of Section 12468 of the Government Code, where all  
22 findings have been resolved, shall be deemed correct.

23 (c) (1) Guidelines for legislation implementation issued and  
24 determined necessary by the State Association of County  
25 Auditors, and when adopted as regulations by either the Controller  
26 or the Department of Finance pursuant to Chapter 3.5  
27 (commencing with Section 11340) of Part 1 of Division 3 of Title  
28 2 of the Government Code, shall be considered an authoritative  
29 source deemed correct until some future clarification by  
30 legislation or court decision.

31 (2) If a county auditor knowingly does not follow the  
32 guidelines referred to in paragraph (1), that county auditor shall  
33 inform the Controller of the reason or reasons for not following the  
34 guidelines. If the Controller disagrees with the stated reason or  
35 reasons for not following the guidelines, the provisions of  
36 paragraph (3) do not apply.

37 (3) If, by audit begun on or after July 1, 2001, or discovery by  
38 an entity on or after July 1, 2001, it is determined that an allocation  
39 method is required to be adjusted and a reallocation is required for  
40 previous fiscal years, the cumulative reallocation or adjustment

1 may not exceed 1 percent of the total amount levied at a 1 percent  
2 rate of the current year's original secured tax roll. The reallocation  
3 shall be completed in equal increments within the following three  
4 fiscal years, or as negotiated with the Controller in the case of  
5 reallocation to the Educational Revenue Augmentation Fund or  
6 school entities.

7 (4) If it is determined that an allocation method is required to  
8 be adjusted as provided in paragraph (3), the county auditor shall,  
9 in the fiscal year following the fiscal year in which this  
10 determination is made, correct the allocation method in  
11 accordance with statute.

12 SEC. 3. Section 96.5 of the Revenue and Taxation Code is  
13 amended to read:

14 96.5. The difference between the total amount of property tax  
15 revenue computed each year using the equalized assessment roll  
16 and the sum of the amounts allocated pursuant to subdivision (a)  
17 of Section 96.1 shall be known and may be cited as the annual tax  
18 increment, and shall be allocated, subject to allocation and  
19 payments of funds as provided for in subdivision (b) of Section  
20 33670 of the Health and Safety Code, or as provided for in Section  
21 33900.51 of the Health and Safety Code, and modified by any  
22 adjustments made pursuant to Section 99 or 99.02, as follows:

23 (a) For each tax rate area, the auditor shall determine an amount  
24 of property tax revenue by multiplying the value of the change in  
25 taxable assessed value from the equalized assessment roll for the  
26 prior fiscal year to the equalized assessment roll for the current  
27 fiscal year by a tax rate of four dollars (\$4) per one hundred dollars  
28 (\$100) of assessed value. When computing the change in taxable  
29 assessed value between the 1980–81 fiscal year and the 1981–82  
30 fiscal year, the assessed values for the 1980–81 fiscal year shall be  
31 multiplied by four. Starting with the 1981–82 fiscal year, the tax  
32 rate used in this calculation shall be one dollar (\$1) per one  
33 hundred dollars (\$100) of full value.

34 (b) Each amount determined pursuant to subdivision (a) shall  
35 be divided by the total of all those amounts computed for all tax  
36 rate areas within the county.

37 (c) The difference between the total amount of property tax  
38 revenue for the county and the sum of the amounts allocated  
39 pursuant to subdivisions (a) and (b) of Section 96 or subdivision  
40 (a) of Section 96.1 shall be computed.



(d) The amount determined pursuant to subdivision (c) shall be multiplied by the quotients determined pursuant to subdivision (b) to derive, for each tax rate area, the amount of property tax revenue attributable to changes in assessed valuation.

(e) Except as provided in paragraph (4) of subdivision (b) of former Section 97.3, as that section read on January 1, 1994, in the 1984–85 fiscal year only, in subdivision (d) of former Section 97.32, as that section read on January 1, 1994, in the 1985–86 fiscal year only, and in paragraph (4) of subdivision (b) of former Sections 97.35, 97.37, and 97.38 in the 1989–90 fiscal year only, the amount of property tax revenue determined pursuant to subdivision (d) shall be allocated to the jurisdictions in the tax rate area in the same proportion that the total property tax revenue determined pursuant to subdivision (d) for the prior year was allocated to all those jurisdictions in the tax rate area except that those proportions within each tax rate area may be adjusted for the affected agencies pursuant to the provisions of Section 99 or 99.02.

(f) Any district that has not filed a map of its boundaries by January 1, in compliance with Chapter 8 (commencing with Section 54900) of Part 1 of Division 2 of Title 5 of the Government Code, shall not receive any allocation pursuant to this section for the following fiscal year.

(g) For purposes of the calculations made pursuant to this section or its predecessor for the 1993–94 and 1998–99 fiscal years, the amount of property tax revenue allocated to the county, a city, a special district, a school district, community college district, or an Educational Reserve Augmentation Fund in the prior fiscal year shall be that amount as determined pursuant to Section 96.1, as modified or as provided in Article 3 (commencing with Section 97).

SEC. 4. Section 96.6 of the Revenue and Taxation Code is amended to read:

96.6. (a) Notwithstanding any other provision of law, for the purposes of this chapter, the apportionment of property tax revenues required by Article 1 (commencing with Section 95) to Article 4 (commencing with Section 98), inclusive, shall not involve the subtraction of the redevelopment increment, calculated pursuant to subdivision (b) of Section 33670 of the Health and Safety Code, from any jurisdiction that is not within the boundaries of a redevelopment project area and shall not involve

1 the subtraction of the housing transit district increment calculated  
2 pursuant to Section 33900.51 of the Health and Safety Code. For  
3 each fiscal year, if, in performing the calculations set forth in  
4 subdivision (a) and in subdivision (b) of Section 33670 of the  
5 Health and Safety Code, the auditor determines that there is  
6 redevelopment increment to be allocated to a redevelopment  
7 agency, or if in performing the calculations set forth in Section  
8 33900.51 of the Health and Safety Code, the auditor determines  
9 that there is housing transit district increment to be allocated to a  
10 housing transit district, or both, the auditor shall withdraw that  
11 redevelopment increment determined pursuant to Section 33670  
12 of the Health and Safety Code, if any, and that housing transit  
13 district increment determined pursuant to Section 33900.51 of the  
14 Health and Safety Code, if any, from those ad valorem property tax  
15 revenue allocations to be made to each jurisdiction within the  
16 boundaries of the relevant redevelopment project area and relevant  
17 housing transit district area. Each of those jurisdiction's share of  
18 that redevelopment increment and that housing transit district  
19 increment shall be computed on the basis of the factors or rates  
20 which are developed pursuant to Section 96.5. In order to  
21 determine each jurisdiction's share of that redevelopment  
22 increment, the factors or rates for all tax rate areas that are part of  
23 a redevelopment project shall be applied to the current assessed  
24 value of the taxable property within the redevelopment project  
25 area, less the assessed valuation on the assessment roll last  
26 equalized prior to the effective date of the ordinance establishing  
27 the redevelopment project. No jurisdiction shall be entitled to a  
28 share of the housing transit district increment. Nothing in this  
29 section shall be construed as prohibiting a county from making the  
30 allocation and payment of funds as provided for by subdivision (b)  
31 of Section 33670 of the Health and Safety Code, or the allocation  
32 and payment of funds as provided for in Section 33900.51 of the  
33 Health and Safety Code, prior to the apportionment of property tax  
34 revenues to any jurisdiction.

35 (b) The amendment of subdivision (a) made by the act adding  
36 this subdivision does not constitute a change in, but is declaratory  
37 of, existing law. However, any apportionment of property tax  
38 revenues made prior to the effective date of the act adding this  
39 subdivision that is inconsistent with the provisions of subdivision

1 (a), as amended by the act adding this subdivision, shall be deemed  
2 correct.

3 (c) (1) For the 2001–02 fiscal year, and each succeeding fiscal  
4 year thereafter, if the auditor of the County of Stanislaus  
5 determines that the withdrawal of the redevelopment increment  
6 from jurisdictions within the boundaries of the relevant  
7 redevelopment project area, on a project area basis as outlined in  
8 subdivision (a), results in jurisdictions receiving larger allocations  
9 of taxes than they otherwise would have received in the absence  
10 of redevelopment, the auditor may then determine if there is a  
11 redevelopment increment on a tax rate area basis and make  
12 withdrawals of the redevelopment increment from jurisdictions on  
13 a tax rate area basis to ensure that tax allocations to jurisdictions  
14 in the relevant redevelopment project are consistent with  
15 constitutional provisions and court rulings requiring that tax  
16 allocations to jurisdictions may never be more than they otherwise  
17 would have received without redevelopment.

18 (2) Any apportionment of property tax revenues made prior to  
19 January 1, 2003, that is inconsistent with this subdivision shall be  
20 deemed correct.

21 SEC. 5. No reimbursement is required by this act pursuant to  
22 Section 6 of Article XIII B of the California Constitution because  
23 a local agency or school district has the authority to levy service  
24 charges, fees, or assessments sufficient to pay for the program or  
25 level of service mandated by this act, within the meaning of  
26 Section 17556 of the Government Code.

